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UNITED NATIONS REFORM: MEASURES AND PROPOSALS

Letter dated 5 March 1998 from the Permanent Representative of Indonesia to the United Nations addressed to the Secretary-General

In my capacity as Chairman of the Group of 77 and China, I have the honour to refer to the relevant provisions of General Assembly resolution 52/12 B of 19 December 1997, in which the Assembly, inter alia, requested the Secretary-General to take into account the views of Member States in preparing his report to be issued by the end of March 1998.

To that end, I have the pleasure to transmit herewith the updated position paper which contains the views and comments of the members of the Group of 77 and China concerning particular issues of the financing of development and technical cooperation, financing of the Organization, and the dividend for development, which will be taken up in the forthcoming report of the Secretary-General. On behalf of the Group of 77 and China, I would like to request that these positions be fully taken into account in your report.

Furthermore, I would highly appreciate it if you could kindly arrange for the present letter and its annex to be circulated as an official document of the General Assembly, under agenda item 157.

(Signed) Makarim WIBISONO
Ambassador
Permanent Representative of Indonesia
to the United Nations
Chairman of the Group of 77

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ANNEX

Updated position of the Group of 77 and China presented to the Secretary-General in connection with his forthcoming report by the end of March 1998 as requested by the General Assembly in its resolution 52/12 B of 19 December 1997

Financing of development and technical cooperation

1. The Group reaffirms that the core resources are the bedrock of operational activities for development and that the fundamental characteristics of operational activities of the United Nations system, which must be based on national development plans and priorities of programme countries, are their universal, voluntary and grant nature, their neutrality and their multilateralism.

2. The Group expresses its deep concern over the decline in core resources and its negative impact on the future work of the United Nations funds and programmes, in particular the United Nations Development Programme (UNDP).

3. The Group welcomes the establishment of the Ad Hoc Working Group on the UNDP funding strategy.

4. The Group looks forward to the proposals of the Secretary-General for the establishment of a new system of core resources, taking into account the views of Member States.

5. The Group considers that the mobilization of additional core resources for development activities should rely both on the strengthening of grant allocations from donor countries and on innovative ways, including contributions from private sources.

6. The suggestion to consider innovative ways of raising new and additional resources is an important recommendation. In this light, the Group requests the Secretary-General to submit guidelines and modalities for the mobilization of private resources for the consideration and approval of the General Assembly. These guidelines should be in full conformity with the fundamental characteristics of United Nations operational activities for development and should respect the principle of non-conditionality. The General Assembly should be involved in the allocation and accountability of these resources.

7. The Group reiterates that contributions from donor countries should maintain their voluntary nature and neutrality and recalls further their commitment to contribute 0.7 per cent of their gross national product (GNP) to Official Development Assistance (ODA).

8. The Group is of the view that narrowing the focus on development activities should not affect negatively the capacity of developing countries to pursue their development in accordance with their national development plans and priorities.

9. The Group recognizes the importance of non-core resources as a mechanism to enhance the capacity and supplement the means of development programmes. Any increase of non-core resources should be additional to core resources and the United Nations should remain central for mobilization and allocation of resources.

Financing the Organization (revolving credit fund)

10. The Secretary-General's proposal for establishing a revolving credit fund, initially capitalized at a level of $1 billion through voluntary contributions or other means of financing that Member States may wish to suggest, needs to be examined taking into account the following points.

(a) The Charter of the United Nations determines that the expenses of the Organization shall be borne by the Members as apportioned by the General Assembly. Therefore, the Secretary-General has acknowledged that the only way to finance the Organization is through assessed contributions, and it is imperative that all Member States pay their contributions in full and on time and without imposing conditionalities. Thus, such a proposal cannot be a substitute for financial obligations as enshrined in the Charter and for resolving the financial situation of the Organization, which is attributable to the non-payment of assessed contributions by Member States and especially by the major contributor;

(b) The Secretary-General should submit detailed proposals to the General Assembly on the proposed establishment of the fund, including its financing, its management and operation, purpose and related rules, taking into account the experience of similar past proposals of the Secretary-General in the context of the financial situation of the Organization.

Development account

11. The reallocation of a "dividend" to economic and social activities is a laudable suggestion. The Secretary-General's aim to deliver a "dividend for development" merits favourable consideration. In this context, the following points should be taken into account:

(a) A reduction in administrative costs should not affect the full implementation of mandated programmes and activities;

(b) The General Assembly should be apprised of the means to achieve overhead administrative reductions as well as the areas where savings are being achieved for its consideration and appropriate action. To this end, the Secretary-General is invited to present a detailed report for consideration and appropriate action by the General Assembly, by which, among other things, he should provide a sound and technical justification of his conclusion that the regular budget of the Organization comprises, 38 per cent non-programme costs and how he intends to reduce it to 25 per cent. Therefore, Actions 21 and 22 should not be implemented by the Secretary-General until the General Assembly has considered and acted on the above report;

(c) The means and ideas to ensure the sustainability of the above initiative, which is being proposed to be effected by the year 2002, need further exploration;

(d) In this context, administrative cost reductions should not be used as a pretext for an eventual reduction in the budget of the Organization.